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Product Brief

The Mexican Market for Seafood Products

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Report Highlights: The most important buyers of imported seafood in Mexico are the retail and the foodservice sectors. US exports to Mexico of seafood increased from US \$22.9 million in 1998 to approximately US \$31.6 million in 2000. The leading products, by value, are prepared or preserved fish, caviar and caviar substitutes prepared from fish eggs, and fish, fresh or chilled, excluding fish fillets.

Includes PSD changes: No
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This report is for informational purposes only to assist exporters of US produced food and agricultural products in their sales and promotional efforts in Mexico. The data in this report were collected from local trade and government sources and are not necessarily official US Department of Agriculture (USDA) data. While every effort has been made to provide an accurate list of contacts, telephone and fax numbers change frequently in Mexico. Also, there may be other qualified firms in Mexico and the United States, and their exclusion from any lists or directories is unintentional. Neither the US Agricultural Trade Office nor the USDA endorses any firm contained herein. US exporters should take normal commercial cautions when dealing with any potential importer, including checking credit references.

1. PRODUCT DEFINITION

The products included in this report is seafood, fish and shellfish. These products are in sub-chapters 03.02 through 03.07, 16.04 and 16.05 of the Mexican Tariff System.

2. MARKET SIZE

Production

Based on official Mexican production figures, the production of seafood in dollar terms increased from US \$1.019 billion in 1998 to US \$1.151 billion in 1999, and to an estimated US \$1.319 billion in 2000. These figures include all the sea species caught, of which the principal ones are: tuna, squid, sardines, shrimp, oysters, carp, crabs and octopus. See table 1.

Table 1
MEXICAN PRODUCTION OF SEAFOOD, 1998-2000
(U.S. Billion Dollars)

	1998	1999	2000
Production	\$1.091	\$1.151	\$1.319

Source: Anuario Estadístico de Pesca, 1998 y 1999-SEMARNAP (Statistical Yearbook of Fisheries, 1998 and 1999, SEMARNAP) and own estimates.

All dollar values used in reporting Mexican data were calculated according to the average exchange rate of the peso against the dollar for each year: 9.2, 9.7 and 9.5 pesos per one US dollar for 1998, 1999 and 2000, respectively.

Imports

Mexican imports of seafood increased from US \$71.0 million in 1998 to US \$76.1 million in 1999, and to approximately US \$87.7 million in 2000. See table 2.

Table 2
MEXICAN IMPORTS OF SEAFOOD, 1998-2000
(US Million Dollars)

Tariff Code Categories-Products	1998	1999	2000e
03.02 Fish, fresh or chilled, excluding fish fillets and	1.5	1.8	2.1

other fish meat of heading 03.04			
03.03 Fish; fresh or chilled, excluding fish fillets and other fish meat of heading 03.04	6.6	10.0	11.5
03.04 Fish fillets and other fish, whether or not minced, fresh, chilled or frozen	13.3	13.0	15.0
03.05 Fish, dried, salted or in brine; smoked fish, whether or not cooked before or during the smoking process; flour, meals and pellets of fish, fit for human consumption	7.4	9.8	11.3
03.06 Crustaceans, whether in shell or not, live, fresh, chilled, frozen, dried, salted or in brine; crustaceans, in shell, cooked by steaming or by boiling in water, whether or not chilled, frozen, dried, salted or in brine; flours, meals and pellets of crustaceans, fit for human consumption	7.1	6.3	7.3
03.07 Molluscs, whether in shell or not, live, fresh, chilled, frozen, dried or in brine; aquatic invertebrates other than crustaceans and molluscs, live, fresh, chilled, frozen, dried, salted or in brine; flours, meals and pellets of aquatic invertebrates other than crustaceans, fit for human consumption	10.5	7.8	9.0
16.04 Prepared or preserved fish; caviar and caviar substitutes prepared from fish eggs	17.1	19.3	22.2
1605 Crustaceans, molluscs and other aquatic invertebrates, prepared or preserved	7.5	8.1	9.3
Total	71.0	76.1	87.7

Source: Banco Nacional de Comercio Exterior-BANCOMEXT (National Bank of Foreign Trade)
e-Estimated

US Exports To Mexico

US exports to Mexico of seafood increased from US \$22.9 million in 1998 to approximately US \$31.6 million in 2000. The leading products by value are "Prepared or preserved fish, caviar and caviar substitutes prepared from fish eggs," and "Fish, fresh or chilled, excluding fish fillets."

Table 3
US SEAFOOD EXPORTS TO MEXICO 1998-2000
(US Million Dollars)

Import Code Numbers-Products	1998	1999	2000e

03.02 Fish, fresh or chilled, excluding fish fillets and other fish meat of heading 03.04	0.4	0.5	0.6
03.03 Fish; fresh or chilled, excluding fish fillets and other fish meat of heading 03.04	2.3	4.5	5.3
03.04 Fish fillets and other fish, whether or not minced, fresh, chilled or frozen	2.2	2.4	2.8
03.05 Fish, dried, salted or in brine; smoked fish, whether or not cooked before or during the smoking process; flour, meals and pellets of fish, fit for human consumption	0.4	1.2	1.4
03.06 Crustaceans, whether in shell or not, live, fresh, chilled, frozen, dried, salted or in brine; crustaceans, in shell, cooked by steaming or by boiling in water, whether or not chilled, frozen, dried, salted or in brine; flours, meals and pellets of crustaceans, fit for human consumption	1.5	1.6	1.9
03.07 Molluscs, whether in shell or not, live, fresh, chilled, frozen, dried or in brine; aquatic invertebrates other than crustaceans and molluscs, live, fresh, chilled, frozen, dried, salted or in brine; flours, meals and pellets of aquatic invertebrates other than crustaceans, fit for human consumption	3.5	3.7	4.4
16.04 Prepared or preserved fish; caviar and caviar substitutes prepared from fish eggs	9.9	10.1	12.0
16.05 Crustaceans, molluscs and other aquatic invertebrates, prepared or preserved	2.7	2.7	3.2
TOTAL	22.9	26.7	31.6

Source: Banco Nacional de Comercio Exterior-BANCOMEXT (National Bank of Foreign Trade)

Some of the American suppliers represented in the local marketplace include, National Sea Products Inc.; Tyson Seafood Group; State Fish Co.; Fishery Products Int.; Long Beach Seafood Products; E & R International Seafood; Rich Seapack Corp; and Kineret Foods.

Other Foreign Competitors

Official Mexican import statistics listed 54 other countries as exporting seafood to Mexico during 1998-2000. Export sales, by principal countries, and their respective market shares are listed below. See table 4.

Table 4

MEXICAN IMPORTS OF SEAFOOD, BY COUNTRY 1998-2000(US Million Dollars and Percentage)

COUNTRIES	1998	1999	2000e
United States	22.9	26.7	31.6
Percentage Market Share	32.3	35.1	36.0
Ecuador	6.8	7.3	8.5
Percentage Market Share	9.6	9.6	9.7
Chile	7.7	7.3	8.5
Percentage Market Share	10.8	9.6	9.7
Norway	4.7	5.4	6.3
Percentage Market Share	6.6	7.1	7.2
Spain	3.3	4.8	5.6
Percentage Market Share	4.6	6.3	6.4
Other Countries	25.6	24.6	27.2
Percentage Market Share	36.1	32.3	31.0
Total	71.0	76.1	87.7

Source: Banco Nacional de Comercio Exterior-BANCOMEXT (National Bank of Foreign Trade) and own estimates

Domestic Consumption

Mexican consumption of seafood increased from US \$875.0 million in 1998 to an estimated US \$1.068 billion in 2000. National production is the main source of supply for national consumption. Imports during this period have minimally increased their presence in the market, representing 8.1 and 8.2 percent of local consumption in 1998 and 2000, respectively. See table 5.

Table 5
MEXICAN CONSUMPTION OF SEAFOOD, 1998-2000
(US Million Dollars)

	1998	1999	2000e
Production (1)	1,091	1,151	1,319
Imports (2)	71.0	76.1	87.7
Exports (2)	287.0	297.3	338.6

Consumption	875.0	929.8	1,068.1
Imports as percent of consumption	8.11	8.18	8.21

Sources: (1)-SEMARNAP

(2)- Banco Nacional de Comercio Exterior-BANCOMEXT

e-Estimated

3. DOMESTIC COMPETITION

Table 6
GROWTH OF MEXICAN ECONOMY AND FISHING SECTOR, 1998-2000
 (Percentage)

	1998	1999	2000
Mexican Economy	4.8	3.7	7.5
Mexican Agricultural, Forestry and Fishing Sectors	0.8	3.5	3.4

Source: INEGI

The leading fish producing states in Mexico are Sinaloa, Sonora, Baja California, Veracruz and Baja California Sur, with approximately 65.2 percent of total catch. In a given year, the catch off the Pacific Ocean represents 71 percent compared approximately 34.8 percent from the Gulf of Mexico, Caribbean and non costal states. The Camara Nacional de la Industria Pesquera (National Chamber of the Fishing Industry) is the principal association for Mexico's fishing industry.

Table 7
PRINCIPAL FISHING STATES IN MEXICO, 1999
 (US Million Dollars and Percent)

STATES	1999	
	\$	%
Sinaloa	\$229.5	19.9
Sonora	\$213.5	18.6
Baja California	\$138.1	12.0
Veracruz	\$115.3	10.0
Baja California Sur	\$ 54.3	4.7
Total	\$1,151.2	100.0

Source: Anuario Estadístico de Pesca, SEMANARP 1998-2000

The leading species, by catch, are: tuna (9.0%); squid (7.7%), sardines (7.6%); shrimp (5.6%); oysters (2.7%); carp (1.9%); crabs (1.6%) and octopus (1.2%).

Tuna consumption in Mexico is estimated at 11 million boxes of cans, with each box containing 48 cans of 174 grams, each. In 1988, the tuna fleet brought in 129,000 tons, which fell below the sector's expectations for that year (150,000 tons), due to climate disruptions caused by El Nino. In 1999, the catch reached 140,000 tons, still below the years goal, but close to the industry's best of 160,000 tons. This sub-sector is only surpassed in volume by the sardine sector and by the value of shrimp. Ninety-five percent is canned for human consumption and five percent is destined for other purposes. Per capita tuna consumption is estimated at six cans, per year, which ranks Mexico as fourth in tuna consumption, worldwide. There are several tuna preparations available in the market (in oil, water, with vegetables, hot sauce, tomatoe sauce, etc.), but the most popular is in water, which is perceived to have less calories.

The leading tuna packers and brands in Mexico are: Conservas del Pacifico (Ybarra, Marisol and La Nave), Empacadora Mar (La Torre, Gaviota and Madrugada), Agroindustrias Rowen (La Mar, Rowen and Seaboy), Gonzalez Perez y Reyes (Dorado Pacifico and Leon del Mar), Conservas San Carlos (Calmex, Excelsior and Atun-Zito), Productos Pesqueros Matancitas (Mareden), Productos Pesqueros de la Paz (Herdez, Vaquero, DoZa del Mar, CoruZa and Joyas del Mar), Maz-Industrial (Dolores, Maz Atun and Dorado), Productos Pesqueros de Mazatlan (Nair, Naval y Costa Dorada), Mar Industrias (Tuny, Nicolasa, Mar Atun, Aurrera, Gigante and Tunatun), Pescados de Chiapas (Herdez) and Productos Pesqueros de Guaymas (Guaymex and Golfo de California).

In comparison, Mexico's sardine catch is about 500,000 tons, of which the major part is transformed into fish meal and used to enrich balanced feed. Only about 60,000 tons are processed and canned for human consumption, a figure which has been very stable during the last few years. The company "Propeguay de Mexico" is the main producer, with 1.3 million cans, per year, and the most important sardine canning operation in Latin America.

4. IMPORT REQUIREMENTS

Tariffs

Mexican import duties are classified according to the Standard International Harmonized System, as established under the previsions of the North America Free Trade Agreement (NAFTA). Sub-Chapters 03.02, 03.03, 03.04, 03.05, 03.06, 3.07, 16.04 and 16.05 of the Mexican Tariff System contain the tariffs for seafood. In total, there are 107 specific tariff codes related to this product category. US exporters should take note that Mexican foreign trade data for seafood does not necessarily correlate with US trade data.

Of the 107 product specific tariff codes in the Mexican Tariff Code for seafood, 16 are classified as "C," which means they will not be duty free until January 1, 2003. Only two items have been classified as "C+," which will not be duty free until January 1, 2008. All the other 89 products which were classified as "A" and "B" are already duty free.

As part of the NAFTA agreement, the following products are classifies as "C." These items are levied with a four-percent ad-Valorem duty in 2001; a two- percent ad-Valorem duty in 2002, and zero in 2003.

Tariff Code Seafood

03.02.31.01	Albacore or longfinned tunas, excluding livers and roes, fresh or refrigerated
03.02.32.01	Yellowfin tunas, excluding livers and roes, fresh or refrigerated
03.02.33.01	Skipjack or stripe-bellied bonitos, excluding livers and roes, fresh or refrigerated
03.02.39.99	Other tunas, excluding livers and roes, fresh or refrigerated
03.03.41.01	Albacore or white tuna, excluding livers and roes, frozen
03.03.42.01	Yellow fin tunas, excluding livers and roes, frozen
03.03.43.01	Skipjack or stripe bellied bonitos, excluding livers and roes, frozen
03.03.49.01	Other tunas, excluding livers and roes, frozen
03.04.10.01	Other fresh or refrigerated fish fillets and other fish meat, including minced
03.04.20.01	Other frozen fish fillets and other fish meat, including minced
03.06.11.01	Rock lobster, frozen
03.06.13.01	Shrimp and prawns, frozen
03.06.21.01	Rock lobster, not frozen
03.06.23.01	Shrimp and prawns, not frozen
16.04.13.01	Sardines, sardinella and brisling or sprats, prepared or preserved, whole or in pieces, but not minced
16.04.13.99	Other sardines, prepared or preserved, whole or in pieces, but not minced

The products classified as "C+" will be duty free on January 1, 2008. These "C+" products are:

16.04.14.01	Tuna, skipjack and bonito, prepared or preserved, whole or in pieces, but not minced
16.04.14.99	Other tuna, skipjack and bonito, prepared or preserved, whole or in pieces, but not minced

The above products are levied according to the following table:

YEAR	DUTY PERCENT
2001	9.31
2002	7.98
2003	6.65
2004	5.32
2005	3.99

2006	2.66
2007	1.33
2008	ZERO

Mexico also has a fifteen percent value-added tax (VAT, or IVA in Spanish). Mexican Customs collect the VAT on foreign transactions upon entry of the merchandise into the country. As of July 1999, Mexican Customs used to charge a nominal customs processing fee of 0.08 percent, which has been eliminated as part of the NAFTA agreement. The following example illustrates how these duties are calculated as compared to a locally produced item.

	<u>Imported Products</u>	<u>Domestic Products</u>
F.O.B. Invoice value	\$100.00	\$100.00
Ad-Valorem duty (6 percent)	<u>6.00</u>	<u>N.A.</u>
Sub-total	\$106.00	\$100.00
Value-added tax (15 percent)	<u>15.90</u>	<u>15.00</u>
Total	<u>\$121.90</u>	<u>\$115.00</u>

Customs brokers use this total figure to calculate their fees, which usually are 0.5 percent on the average, plus any storage and handling fees.

The basic Mexican import document is the Pedimento de Importacion (customs entry document), which should be presented to Mexican Customs together with the commercial invoice in Spanish, a bill of lading and the Sanitary Import Notice. Products qualifying as "North American" must use the NAFTA certificate of origin to receive preferential treatment. This form is available from the US Customs Service, freight forwarders, local US Chambers or State Department of Agriculture and does not have to be validated or formalized. Mexican Customs Law is very strict regarding proper submission and preparation of customs documentation. Errors in paperwork can result in fines and even confiscation of merchandise as contraband. Exporters are advised to employ competent, reputable Mexican importers or custom brokers.

Health Certificates and Non-Tariff Requirements

Under NAFTA, Mexican imports of seafood do not require import permits. However, seafood exports into Mexico require a Sanitary Certificate issued from the Sanitary Qualification Office of the Health Ministry. There are four mandatory product standards, or "Norma Oficial Mexicana" (NOMs) which apply to seafood, and imported products must obtain NOM certification to receive the Sanitary Certificate. This Certificate is secured after presenting a Sanitary Statement (Constancia Sanitaria) from the exporting country's respective sanitary authorities, or a FDA-certified laboratory declaring that the products, identified by production lot, are safe and fit for human consumption; indicating their physical-chemical analysis; microbiological analysis; and if applicable, specific analysis; country of origin and expiration date. If this Sanitary Statement is not available, then it is necessary to present the above mentioned documents individually plus the following: certificate of origin and a certificate stating that those items are sold freely in the country of origin. The NOMs for seafood are numbers 27, 28, 30, 32 and 129 (summary) and they specify the sanitation requirements for each type of seafood. Importers bringing products into Mexico must be registered

with the Health and Treasury Ministries in order to secure the Sanitary Certificate.

Labeling

Labeling is also subject to a specific and a general NOM requirement. The specific NOM for seafood products specifies that seafood products must have labels in Spanish with the following information: name of product; name and address of exporter and importer, country of origin, refrigerated or smoked, production date or production lot, expiration date and the legend "Mantangase en refrigeracion" (Maintain in refrigeration). Also, frozen products must include the following text: "Conservese en congelacion a -181" (Keep frozen under -181), and "Una vez descongelado no debe volverse a congelar" (Once defrosted do not freeze again). Dried or salted products must have the following text: "Conservese en un lugar fresco y seco" (Keep in a fresh and dry place). The Health Ministry has an address in the Internet [Http://www.ssa.gob.mx/nom/index.html](http://www.ssa.gob.mx/nom/index.html) where complete information on these NOMs can be obtained.

There is also a general labeling NOM requirement which also applies to seafood. This general NOM for labeling is NOM-051-SCFI-1994, published in the Diario Oficial (Official Gazette) on January 24, 1996. This Mexican standard applies to pre-packaged seafood. The general requirements of this NOM specify that labels must contain the following information in Spanish: name of product, list of ingredients clearly specified, net content; name and fiscal address of importer; country of origin; production lot and expiration date. Information on nutrition values is voluntary and only becomes obligatory when these values are enhanced either in a quantitative or qualitative form. These norms apply to items from local production and foreign sources. US exporters should be familiar with these NOMs, and identify which one of these NOM's applies to their products.

For additional information on NOMS on labeling, interested exporters should review the following NOMS: 002-SCFI (Prepackaged products; net content; tolerances and verification methods); 008-SCFI (General system of measurement units) and 030-SCFI (Commercial information-quantity statements and specifications in labels). The Mexican Government has issued 900 NOMS in total since its conception in 1992, of which 76 are for food products.

To obtain a NOM certification, the Mexican manufacturer/importer must send samples to a Mexico-based test laboratory accredited by the General Office of Standards of the Secretariat of Economy, formerly the Secretariat of Commerce and Industrial Promotion (SECOFI). The Mexican Health Ministry has an address in the Internet [Http://www.ssa.gob.mx/nom/index.html](http://www.ssa.gob.mx/nom/index.html) where more information on these NOMs can be obtained.

Cargo Unloading, Transport and Storage Fees

Cargo unloading fees vary depending on the weight, number of pieces, type of merchandise and location. These fees are usually charged according to pre-established tables. However, whenever possible, shippers should compare prices between service providers. In general, cargo-unloading fees in Mexico are slightly higher than those in the United States for comparable services.

Trucks are the most reliable method of delivery within Mexico, accounting for approximately 60 percent of cargo volume. Rail and maritime shipping is more widely used for bulk commodities, and airfreight is only used for highly perishable items. Trucking companies cannot bring merchandise directly from the United States to Mexico. A US trucking company drives the shipment to the border and transfers its trailer to a Mexican rig. The best way to ship by truck is to use an internationally

bonded carrier that has relationships with Mexican carriers. Mexican trucking companies generally determine their fees by mileage or distance, weight and type of merchandise.

Practically all transport companies and freight forwarders offer a basic insurance plan, which cover transport and handling of cargo. When selecting a transporter, it is recommended to check their claim history and any complaints they might have received. While shippers will find that truck transportation is more expensive than "Container in Flat Car" (COFC) or "Trailer Flat Car" (TOFC), in general, transport fees are lower in Mexico by as much as 10 percent. The ability to ship by truck to Mexico gives the United States an advantage in shipping costs over third-country competitors. The main Mexican highways run north to south.

Warehousing costs vary depending on the space required and any specific product needs, such as refrigeration. Warehousing fees follow general market trends of supply and demand; however, it is advisable to compare prices, facilities and reputation, and negotiate before contracting. The three most important industrial centers are located in Mexico City where average warehouse rental fees are around US \$3.90 m2, per month; US \$3.00 in the Guadalajara area and approximately US \$5.80 per m2 in Monterrey and surrounding areas. The Mexico City Metropolitan Area has six major industrial corridors (Iztacalco/Iztapalapa; Los Reyes/Tlahuac/Tlalpan; Naucalpan; Tlanepantla; Toluca/Lerma and Vallejo); Guadalajara has five (Guadalajara; El Salto; Periferico; Old Industrial and Belenes/San Juan Ocotlan) and Monterrey has five (Apodaca/Miguel Aleman; Santa Catarina; San Nicolas; Guadalupe/La Silla and Escobedo). Average rental fees per month in other locations are: Tijuana US \$5.90; Puebla US \$3.90; Queretaro US \$3.40 and State of Mexico US \$2.70. In-bond storage facilities are a popular storage method used by exporters by which duties are not paid on the items stored until they are released from the facility for distribution in the market. NOTE: Any merchandise placed in a warehouse should be insured. A basic insurance policy can be secured from the warehouse administrator or a more comprehensive policy from a private insurance company.

5. WHO BUYS IMPORTED PRODUCTS IN MEXICO

The most important buyers of imported seafood in Mexico are the retail and the foodservice sectors.

Retail Sector

The Mexican retail sector is the most significant buyer of seafood in Mexico. Roughly 50 percent of all seafood sales are made through major retail chains, 45 percent are sold through public/street markets and the Central de Abasto, and the balance (five percent) through mom/pop (abarrotes) stores. The organized part of this sector is represented by the large retail chains and convenience stores which, for the most part, are well organized, use modern retailing and marketing techniques and face fierce domestic competition, and represent around 50 to 60 of total retail sales in Mexico. The leading retail companies are members of the Asociacion Nacional de Tiendas de Autoservicio y Departamentales-ANTAD (National Association of Retail and Department Stores). The other part of this sector is comprised of public markets, street markets and by the "mom and pop stores" which, in total, represent approximately around 50 percent of total retail sales.

In 1999 the retail sector experienced limited sales growth. Total sales growth was estimated at slightly above five percent, but when measured as "same store sales" this index is estimated to represent 1 or 1.5 percent. During the first six months of 2000, retail sales (same number of stores) grew 12.9 percent over the same period of last year. Big promotions and price discounts continue

to be the sector's main strategy, which is compensated by more efficient operations, better distribution methods and costs savings, in general.

ANTAD announced that in 1999, the companies in the sector invested close to US \$1.5 billion in expansion projects. ANTAD represents the top 100 chains in the sector, of which 45 are in the retail business, 23 are department stores and 32 are classified as specialized stores (sports, gifts, etc.). In total, ANTAD has 4,466 members, of which 1,077 are in the retail business and represent the leading firms in terms of sales and product coverage.

At the national level, Cifra, Comercial Mexicana and Gigante are the most important retail chains. At the regional level, Organizaci n Soriana, Grupo Chedraui and Casa Ley are the leading organizations.

Table 9
MEXICAN RETAIL SECTOR BY PRINCIPAL UNITS-1999
(Companies and Number of Units)

ORGANIZATION NAME	NUMBER OF UNITS
(National Coverage)	
Gigante	<u>184</u>
Tiendas Gigante	117
Bodegas Gigante	40
Super G	26
Grupo Cifra	<u>204</u>
Bodegas	69
Sam`s	34
Wal-Mart	27
Aurrera	36
Superama	38
Comercial Mexicana	<u>154</u>
Comercial Mexicana	81
Bodegas	26
Megas	14
Price	16
Carrefour	<u>17</u>
Government stores	<u>226</u>
Northern Mexico	
Casa Ley (State of Sinaloa)	<u>80</u>
Soriana (City of Monterrey)	<u>100</u>
Gulf States	
Chedraui (State of Veracruz, Tamaulipas, Quintana Roo)	<u>47</u>
Mexico City	
Sumesa - (Comercial Mexicana)	<u>17</u>
Retail Stores B SUBTOTAL	726

	<u>Convenience</u> <u>Stores</u>
Cadena Comercial OXXO	<u>748</u>
Seven Eleven	<u>237</u>
Convenience Stores SUBTOTAL	<u>1,900</u>
GRAND TOTAL	<u>2,586</u>

Source: ANTAD; and own estimates

The Cifra Wal-Mart group has 459 establishments of which 204 are retail outlets (Bodegas Aurrera, Sam's, Wal-Marts, Aurrera and Superamas). Eighty eight percent of their earnings come from retail sales. The floor space for Cifra's retail outlets is by far the largest in Mexico, with 1.4 billion square meters (12.2 billion square feet). During the first three months of 2000, same store sales increased 5.8 percent (or 11 percent gross) above the 0.2 percent registered during the same period last year. For 1999, Cifra's investments were US \$250 million opening 43 new outlets, 15 of which will be retail stores. For the year 2000, an additional US \$350 million was channeled in building new stores and increasing floor space by 14 percent, through the construction of 30 new retail units.

Comercial Mexicana is the second retail chain in revenue and third in sales floor space. This organization has 189 establishments, of which 154 are retail stores. The retail stores under this group are: Comercial Mexicana, Bodegas, Mega, Sumesa & Price Costco. During 1999, Comercial Mexicana invested US \$80 million building nine new stores and invested US \$120 million in the year 2000 for 11 new stores. In their plans for 2001, they have announced an expansion program of 16 new stores and 13 restaurants, with an investment of US \$140 million. This group has 959.7 thousand square meters of floor space (10.3 million square feet). For 2000 they estimate they will reach an 8.5 percent in net sales or 3.5 percent in same store sales, with an additional 11 percent of floor space. Comercial Mexicana has 21 percent of the market share and does some of their buying through direct purchasing.

The Gigante Group has 285 outlets, of which 184 are retail stores. The stores in this group include: Tiendas Gigante, Bodegas Gigante and Super G, with 812.4 thousand square meters (8.7 million square feet) of floor space. During 1999, this group invested US \$132 million remodeling 14 retail stores and opening three new stores, of which two were located in the United States in California. Gigante has 17 percent of the market share and buys through direct purchasing. Gigante also invested US \$150 million (US \$120 million in 1999) in 14 new units in 2000, increasing by six percent their floor space. Analysts expect their sales to increase 3.5 percent comparing same store sales, or around nine percent with new stores.

Among the regional chains, Soriana is the leading organization with 100 outlets, the majority of which are located in the northern and central parts of Mexico. During 1999, Soriana built 11 stores and bought three more through an investment of US \$212.8 million. Their current floor space is 685 thousand square meters (7.4 million square feet). During 2000 they announced an investment program of US \$200 million to open 11 new stores, thereby reaching the 100 stores mark. During the first six months of this year, sales same store sales increased 3.4 percent, more than the 2.4 percent during the same period in 1999. The Soriana group holds 15.7 percent of the market and buys mostly through direct purchasing.

The large US retailer, HEB, is currently carrying out an expansion program in which they are planning to open a total of 35 stores by 2004 period. The new stores are planned for the states of Tamaulipas, Chihuahua, San Luis Potosí, Aguascalientes and Guanajuato. The company already

has 11 stores in Monterrey, in the state of Nuevo Leon, and will shortly open seven more (6 in Monterrey and one in Tampico) by October 2001. Other regional retailers include Arteli, Calimax, S Mart, Gran'D, Tiendas Leal, Azcunaga, Comercial VH, etc.

Foodservice

Mexico has a rapidly growing food service sector. The most important segments for foreign suppliers are: 1) hotels; 2) upscale restaurants and restaurant chains, and 3) fast food chains.

The major five-star hotels and upscale restaurants are concentrated in Mexico City, Guadalajara, Monterrey and the beach/resort areas. These establishments are collectively big buyers of imported food products and they purchase individually through Mexican wholesalers specializing in this sector. Following is a summary of these subsectors.

HRI Sector

In 2000, the Mexican hotel industry had 9,544 registered establishments with almost 400,000 hotel rooms and generating approximately 205,000 jobs. Most of the leading international hotel chains that are actively doing business in Mexico include Hyatt, ITT Sheraton, Westin, Howard Johnson, Four Seasons, Marriot, Nikko, Mission, Best Western, Calinda, Presidente Inter-Continental, Quinta Real, etc. The principal hotel chain is Grupo Posada, operator of the Fiesta Inn (with hotels at 12 destinations) and Fiesta Americana hotels (13). In the top 500 companies in Mexico, 20 hotel companies are listed. The Asociacion Mexicana de Hoteles y Moteles (Mexican Association of Hotels and Motels) is the principal trade association for this sector.

The Mexican restaurant industry is made up of 183,782 establishments that generate 525,000 direct positions and 408,877 indirect jobs, representing 1.9 percent of total employment in Mexico and contributing with three percent to Mexico's GDP. Mexico City has the largest concentration of restaurants with approximately 31,000 establishments (of which 2,500 are international tourism quality), and employing 293,000 persons. Restaurants are an important sector for generating foreign currency income since 30 percent of tourist's total expenses are for food. The trade association that represents this sector is the Camara Nacional de la Industria de Restaurantes y Alimentos Condimentados-CANIRAC (National Chamber of the Restaurant and Condimented Food Industry). Some of the most important restaurant chains in Mexico are Sanborn's, VIPS, Lynis, Anderson's, Wings, Denny's, Tok's, Woolworth, Sushi-Ito, etc.

6. DISTRIBUTION OF PRODUCT IN MEXICO

US firms wishing to penetrate the Mexican market must have a locally based distributor/representative in order to operate and to establish a successful business relationship with domestic buyers. For the majority of small and mediums sized US food companies, it is probably best to tap into a preexisting distribution network, either that of a distribution company or a Mexican seafood processor. US firms should take the time to visit the market, get to know their distributors and their distributors, and in general do their homework in to order to guarantee a successful relationship with their distributors and secure good results.

The distributions of seafood in Mexico follow the traditional methods. There are several importer/distributor/brokers that specialize in a product or series of products, and who sell to other distributors and major processors and occasionally to packers and food processors. In the case of seafood, distributors/importers are the key to success since major retailers and foodservice chains

do not import directly, and are serviced by these suppliers. These companies are usually located in the Central de Abasto or central markets where they have their offices, samples of the products they market, and a storage area. There are few of these importer/distributor/brokers which really have national coverage, as well as adequate installations to properly store and deliver seafood.

The central markets are found in almost every major city in Mexico and represent the most important distribution network for Mexican and imported seafood products. There are currently more than 26 of these supply centers in Mexico. These terminal or central markets serve as a major source of supply for all types of food related businesses: supermarkets, wholesalers, corner grocers, restaurants and occasionally food processors and packers. For example, the largest wholesale market in Mexico is the one found in Mexico City, which services the city's needs plus those of the cities in the four surrounding states. It is reported that 40 percent of all fruit and vegetables produced in this country, and 80 percent of those consumed in Mexico City, pass through this market. This is a well accepted form of business, and the principal way small and medium size food related establishments procure many of their food products. Also, the Central de Abasto is the best way to reach the traditional retail market known as the "pescaderias" market.

Traditionally, seafood reaches the end consumer through small corner grocers known as "pescaderias." There are over 400,000 of these types of stores in Mexico. They serve their immediate neighborhood and carry a limited range of goods. In some cases, imported items are found in these outlets and represent an important potential sales point. However, convenience store chains are increasingly replacing these small corner stores and small outlets, which are using better facilities, offer a wider variety of products and also employ promotions and discounts.

7. TRADE EVENTS AND SPECIALIZED PUBLICATIONS

Trade Events

The leading event for the retail sector and seafood products is "**ANTAD**," Mexico's largest retail exhibition which is scheduled annually every March in Guadalajara. This event is organized by the National Association of Retail and Department Stores (Asociacion Nacional de Tiendas de Autoservicio y Departamentales, A.C.-ANTAD), which can be contacted at Tel: (011)(52) 5580-1772; Fax: (011)(52) 5395-2610. The Agricultural Trade Office (ATO) in Mexico organizes a US pavilion at ANTAD to promote business contacts for US exporters with local distributors and buyers. American firms interested in participating should contact the ATO at: Tel: (011)(52) 5280-5291; Fax: (011) (52) 5281-6093.

Specialized Trade Publications

There are several trade magazines that cover the principal end user markets for seafood in Mexico, and which can be an effective tool to reach potential clients and agents/distributors or to conduct a direct mail campaign. The leading publications are: "Servialimentos," published bi-monthly with national coverage, and "Abarrotes y Mas," also published bi-monthly with national coverage. Both magazines are published by Servialimentos Publishing, S. de R.L. de C.V. tel. (011)(52) 5514-8010 fax: (011)(52)5208-7864.

The leading buyer's guide in the industry is "Guia de la Industria Alimentaria," published annually by Informatica Cosmos, S.A. de C.V.; Tel: (011)(52) 5677-6043, fax: (011)(52)5679-3575 and E-mail: online@cosmos.com.mx. The leading publication for the hotel industry is Alta Hoteleria, published by Alta Hoteleria, S.A. de C.V. tel.: (011)(52) 5611-0898. The leading buyer's guide for

this sector is Abastomatic published by M.E. Publicidad & Publicaciones tel.: (011)(52) 5522-2207; fax: (011)(52)5542-7367.

Some of the leading general business publications in Mexico are:

"Business Mexico," published monthly in English by the American Chamber of Commerce of Mexico-Tel: 011(52)5724-3800 ext. 3335; Fax: (011)(52)5703-2911, contact: Ms. Diane Hemelberg de Hernandez, Editor or Ms. Cristina Bustos, Advertising Dept.;

"MB," published monthly in English by Hemisphere Publishers Group Inc., contact: Ms. Lorena Jimenez, Advertising Director, Tel: (011)(52) 5540-7977 and Fax: (011)(52) 5202-8478.

8. KEY TRADE CONTACTS

As of February 1999, the number five was added to telephone numbers in the Mexico City area. However, for long distance calls from the United States this additional five is not dialed.

The primary mission of the ATO in Mexico City is to assist in the market development and promotion of US food and agricultural products in the Mexican market. There are a wide variety of activities and services that the ATO, along with other private sector representatives called "cooperators," make available to help develop US agricultural interests in Mexico.

US Embassy-Agricultural Trade Office-ATO, USDA

Jaime Balmes 8-201; Col. Los Morales Polanco

Mexico 11510

Mexico

Tel: (011)(52)5280-5291, 5280-5277, 5281-6586; Fax: (011)(52)5281-6093

<http://www.ATOmexico@fas.usda.gob>

Contact: Chad R. Russell, Director

Office of the US Department of Agriculture which assist US firms in the promotion and market development of their agricultural, fishery and forestry products in Mexico.

Secretaria de Salud (Health Secretariat)

Sanitary Qualification Office

Donceles 39-PB

Mexico 06010, D.F.

Tel: (011)(52)5518-2692; Fax: (011)(52)5521-3290; <http://www.ssa.gob.mx>

Contact: Dr. Jose Meljem Moctezuma, Director

Office of the Health Secretariat that regulates specific NOMS on health related issues.

Secretaria de Economia (formerly the Secretariat of Comercio y Fomento Industrial-SECOFI Direccion de Normas

(Secretariat of Economy, formerly the Secretariat of Commerce and Industrial Promotion, Norms Office-DGN)

Puente de Tecamachalco 6; Lomas de Tecamachalco

Edo. Mexico 53950

Mexico

Tel: (011)(52)5729-9475; 5729-9476; Fax: (011)(52)5729-9484

<http://www.secofi.gob.mx>

Contact: Lic. Carmen Quintanilla, Direccion de Normas.

The Secretariat of Commerce and Industrial Development (SECOFI) is charged with a wide range of duties including: registration of all licensing agreements; granting import licenses and controlling foreign trade; general investment incentive policies; authorization for plant construction; regulating consumer product labeling and advertising; and examinations necessary for patent and trademark grants. This office of SECOFI issues the norms on quality and labeling.

**Secretaría de Economía (formerly the Secretariat of Comercio y Fomento Industrial-SECOFI)
Dirección General de Servicios al Comercio Exterior)**

(Secretariat of Economy, formerly the Secretariat of Commerce and Industrial Promotion, Office of Services for Foreign Trade)

Insurgentes Sur 1940-PH

México D.F. 01030

México

Tel: (011)(52)5229-6188-X3395 & 4949; Fax: (011)(52)5229-6529;

<http://www.secofi.gob.mx>

Contact: Lic. Roció Ruiz Chávez, Director

Office of SECOFI that provides general information related to NAFTA.

American Chamber of Commerce-AMCHAM

Lucerna 78 – 4

México 06600

México

Tel: (011)(52)5724-3800; Fax: (011)(52) 5703-2911

e-mail: chawkins@amchammex.com.mx

Contact: Christine Hawkins, Director of International Trade and Investment Consulting.

A non-profit organization which assists U.S. companies in their business activities in Mexico.

Cámara Nacional de la Industria Pesquera

(National Chamber of Fishing Industry)

Manuel Ma. Contreras 133-401

México 06500

México

Tel. (011)(52) 5705-1888; Fax: (011)(52)5705-6990;

e-mail: canainpedf.1telmex.net.mx

Contact: Biologist Juan Carlos Campos, Manager

Sociedad Nacional de Introdutores y Distribuidores de Pesacado, S.C.

(Association of Fish Distributors and Wholesalers)

Prolongación Eje 6 Sur 560; Oficinas de Gobierno

2 do. Piso, Col. Aculco

09000 México, D.F.

Tel. (011)(525)600 3663; Fax: (011) (525) 600 3483

Contacts: Salvador Gomes Rodrigues, President

Moises Alcantara; Administrator

Asociación de Comerciantes de Pescados y Mariscos de Jalisco

(Guadalajara Association of Seafood Wholesalers)

Ave. Pino Suares 925; Col. El Vigia

Zapopan, Jal.
Mexico
Tel. (011)(536) 362222
Contact: Sr. Salvador León García, Presidente

Retail Sector:

Aurrera, S.A. de C.V.

Av. de la Luz 50
Cuautitlan Itzcalli, Edo. Mexico 54830
México
Tel: (011)(52) 58991200; 58991278; fax: (011)(52) 58991169
Contacts: Humberto Ermida, Purchasing Subdirector Seafood
Hector Armando Chavarria, Purchasing Manager

Bodegas Aurrera, S.A. de C.V.

Av. de la Luz 50
Cuautitlan Izcalli, Edo. México 54830
México
Tel: (011)(52) 58991200; 58991278; fax: (011)(52) 58991169
Contacts: Humberto Ermida, Purchasing Subdirector Seafood
Hector Armando Chavarria, Purchasing Manager

Cadena Comercial OXXO, S.A. de C.V.

Edison 1253 Norte; Col. Talleres
64480 Monterrey, N.L
México
Tel: (011)(52) 8-389-2121 ext. 3502 and 2191; Fax: (011)(52)8-333-7030
Contact: Sr. Sergio Estrada, Purchasing Director,
Srita. Regina Martínez, Seafood Buyer

Carrefour-Grandes Superficies de México, S.A. de C.V.

Av. Pte. Mazarik 219-2; Col. Polanco
México D.F. 11579
México
Tel: (011)(52)5283-2900 ext. 2760; Fax: (011)(52)5283-2926, martfdeza@hotmail.com
Contact: Srita Katia Gallardo, Imports Purchasing Manager
Sr. Beltran Pesquiar, Seafood Buyer

Casa Ley, S.A. de C.V.

Carr. Int. Nte. Deportiva Km. 1434; Humaya
80020 Culiacán, Sinaloa
México
Tel: (011)(56)659-1000; Fax: (011)(56)750-5010
Contact: Alvaro Ley, Purchasing Director
Martin Ayala , Imported Products Manager

Club Aurrera, S.A. de C.V. (Sam's Club)

Av. de la Luz 50

Cuautitlan Izcalli, Edo. México 54830
México
Tel: (011)(52) 58991200; 58991278; fax: (011)(52) 58991169
Contacts: Humberto Ermida, Purchasing Subdirector Seafood
Hector Armando Chavarria, Purchasing Manager

Gigante, S.A. de C.V.

Av. Ejercito Nacional 769-A
11520, México D.F.
México
Tel: (011)(52)5724-8515; 5269-8251, 5269-8000;5255-9998; Fax: (011)(52)5269-8381
<http://www.telbip.com.mex>
Contact: Sr. Luis Garcia, Purchasing Manager for Seafood

Nueva Wal Mart, S.A. de C.V.

Av. de la Luz 50
Cuautitlan Izcalli, Edo. México 54830
México
Tel: (011)(52) 58991200; 58991278; fax: (011)(52) 58991169
Contacts: Humberto Ermida, Purchasing Subdirector Seafood
Hector Armando Chavarria, Purchasing Manager

Operadora de Comercial Mexicana

Av. López Mateos 201; Col. Sta Cruz Acatlan, Naucalpan
53140 Edo. de México
México
Tel:(011)(52)5371-8667; 5371-7674, 5729-7400; Fax:(011)(52)5723-7574,
5723-7495, www.comercialmexicana.com.mex
Contact: Lic. Jorge Marin, Seafood Purchaser

Organización Soriana, S.A. de C.V.

Alejandro de Rodas 3102-A; Cumbres Sector 8
64610 Monterrey, N. L.
México
Tel: (011)(52) 8-329-9000; Fax: (011)(52) 8-329-9180,
Contact: Jose Luis Davila and Eduardo Reyes, Purchaser for Seafood

Seven-Eleven México, S. A. de C.V.

Av. Munich 195-B; Col. Cuauhtemoc
66450 San. Nicolás de los Garza, Monterrey, N.L.
México
Tel: (011)(52)8372-1572; 8158-0711; Fax: (011)(52)8376-2171
Contact: Lic. Francisco Mendoza, Purchasing Director
Lic. Martha Gabriela Bonilla, Purchasing Manager

Superama

Av. de la Luz 50
Cuautitlan Izcalli, Edo. México 54830

México

Tel: (011)(52) 58991200; 58991278; fax: (011)(52) 58991169

Contacts: Humberto Ermida, Purchasing Subdirector Seafood
Hector Armando Chavarria, Purchasing Manager

Tiendas Chedraui, S.A. de C.V.

Priv. Antonio Chedraui Caram S/N; Encinal

91180 Xalapa, Veracruz

México

Tel: (011)(52)814-4700; Fax: (011)(52)814-4806

Contact: Sr. Primo Alvarez, Purchasing Director
Sr. Luis Rojas, Purchaser

Comextra, S.A. de C.V. (Extra)

Av. Cuihtlahuac 116; Col. Lorenzo Bouturini

México, D.F.15820

México

Tel: (011)(52) 5768-5050 x 104; Fax: (011)(52) 5764-4103

Contact: Lic Antón Martinez, Purchasing Director
Srita. Pilar Corrales, Purchasing Manager

Asociacion Nacional de Tiendas de Autoservicio y Departamentales-ANTAD (National Association of Retail and Department Stores)

Horacio 1855-6; Col. Polanco

México D.F. 11560

México

Tel: (011)(52)5580-1772, 5580-0641; Fax (011)(52)5395-2610

www.antad.org.mx